

Message Text

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ACTION TRSE-00

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AID-05 CIAE-00 INR-07 NSAE-00 IGA-01 AGR-05 /055 W
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P R 121813Z NOV 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC PRIORITY 5795

INFO AMEMBASSY DAKAR

AMEMBASSY BAMAKO

AMEMBASSY MONROVIA

C O N F I D E N T I A L SECTION 1 OF 3 ABIDJAN 9551

DEPARTMENT PASS TREASURY FOR ZINMAN/DRESS

E.O. 11652: GDS

TAGS: EAID, EFIN, AFDB

SUBJECT: TREASURY/CONGRESSIONAL PROJECT REVIEW TRIP

REFERENCE STATE 263559

1. PURSUANT YOUR REFTEL EMBASSY TRANSMITS PROJECT SUMMARIES AS OUTLINED. AFDB OFFICIALS PROVIDED INFO WITH SOME RELUCTANCE AS IT NORMALLY AVAILABLE ONLY TO BANK MEMBERS. OFFICIALS REQUEST CONFIDENTIALITY OF INFORMATION BE STRESSED TO DELEGATION AS RAISING FINANCIAL ISSUES AND/OR QUESTIONS OF INTERNAL MANAGEMENT OF RESPECTIVE PROJECTS DIRECTLY WITH GOVERNMENT OFFICIALS VMULD JEOPARDIZE CLOSE WORKING RELATIONSHIP BETWEEN COUNTRIES INVOLVED AND AFDB AND AFDF.

2. MALI PROJECTS:

A) USINE DE TEXTILE BAMAKO, FUNDED JUNE 1970 WITH LOAN TO BANQUE DE DEVELOPPEMENT DU MALI (BDM). AMOUNT COMMITTED: 540,000 UNITS OF ACCOUNT (U/A), NOW FULLY DISBURSED.

PURPOSE OF LOAN: TO PROVIDE FOREIGN EXCHANGE FOR PURCHASE OF
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EQUIPMENT FOR TEXTILE FACTORY IN BAMAKO AREA. GIVEN COTTON

PRODUCTION IN FIRST AND SECOND REGIONS OF MALI, IT WAS BELIEVED THAT TEXTILE PLANT WOULD PROVIDE BETTER QUALITY MATERIAL FOR LOCAL MARKET AND ALSO ADD VALUE TO ANY TEXTILE EXPORTS.

BENEFIT: INCREASED EMPLOYMENT IN BAMAKO REGION; PLUS INCREASE IN NUMBER OF SKILLED WORKERS AS MACHINERY INSTALLED REQUIRED TRAINED LABOR. APPROXIMATELY 900 MALIANS ARE EMPLOYED IN PLANT. OTHER BENEFIT IS, OF COURSE, IMPORT SUBSTITUTION AS CITED IN BAMAKO 4091.

OWNERSHIP OF PLANT: FIFTY-TWO PERCENT FRENCH THROUGH 48 PCT GOM PARTICIPATION DUE TO BDM INVESTMENT WITH AFDB ASSISTANCE. RELATIONSHIP TO COUNTRY'S ECONOMIC DEVELOPMENT PLAN: MALI, AS MOST AFRICAN COUNTRIES, SEEKS MEANS OF CUTTING IMPORTS OF ITEMS WHICH CAN BE PRODUCED LOCALLY. MALI HAS ALSO SOUGHT FURTHER ASSISTANCE FROM OTHER DONORS IN TEXTILE SECTOR INCLUDING PRC. GIVEN LACK OF DETAILED INFORMATION ON MALIAN DEVELOPMENT AVAILABLE ABIDJAN, PERHAPS BAMAKO CAN AMPLIFY; INCLUDING GOM FINANCED PROGRAMS IN SECTOR.

B) WELL DRILLING OPERATION - FUNDED BY AFDF IN JANUARY 1974; TOTAL AMOUNT COMMITTED 4.0 MILLION U/A FROM USAID SAHEL GRANT FUNDS. LOAN NOW FULLY DISBURSED. PROJECT REPRESENTS AFDF TIE-IN AT REQUEST OF GOM AND IBRD IN FINANCING THE DRILLING OF WELLS IN SEVERAL REGIONS OF MALI. IBRD UNDERTOOK ITS PORTION OF PROJECT IN 1973.

PURPOSE OF PROJECT: TO LOCATE AND TAP UNDERGROUND WATER RESOURCES IN MALI TO CONTRIBUTE TO ECONOMIC AND SOCIAL DEVELOPMENT. AFDB HERE INFORMS EMBASSY THAT WELLS INVOLVED WERE DRILLED PRINCIPALLY IN THE 5TH AND 6TH REGIONS NEAR GAO AND TIMBUKTU. AFDB ALSO BELIEVES WELLS NEAR BAMAKO WERE IBRD FINANCED.

BENEFIT: CLEARLY BENEFICIAL, GIVEN SAHEL DROUGHT PROBLEMS, FOR GOM TO SEEK ASSISTANCE IN DEVELOPING UNDERGROUND WATER SUPPLIES FOR PRESENT AND FUTURE NEEDS. THESE PROJECTS ARE CRITICAL TO CONTINUED VIABILITY OF MALIAN LIVESTOCK AND AGRICULTURAL SECTOR AS WELL AS SURVIVAL OF HUMAN POPULATION. CONSISTENT AND GUARANTEED WATER SUPPLIES IN REGIONS CLOSER
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TO SAHEL AND SAHARA AREAS COULD IMPROVE AND MODIFY NOMADIC LIFESTYLES, LEADING HOPEFULLY TO PERMANENT IMPROVEMENT OF ECOLOGICAL BALANCE IN THESE AREAS. BELIEVE MUCH INFRASTRUCTURE MUST BE DEVELOPED -- AS IN GROUND WELL PROJECTS IN THESE REGIONS TO ASSURE GOM AND MALIAN'S ECONOMIC VIABILITY BEFORE TECHNICAL COMPARATIVE ANALYSIS CAN BE MADE WITH REGARD TO OVERALL GOM DEVELOPMENT PLAN. AFDF AND IDA RE COMMITTED TO HELPING MALI CREATE

AND ESTABLISH THIS BASE. AFDB LOAN OFFICER NOT IN ABIDJAN
AT PRESENT TIME BUT WILL COMMENT FURTHER ON HIS RETURN
IF STILL PERTINENT. REQUEST BAMAKO AMPLIFY ABOVE.

IVORY COAST PROJECTS:

A) SOCIETE IVOIRIENNE D'ENGRAIS (SIVENG) - PROJECT FINANCED
IN FEBRUARY 1972 - 360,000 U/A ORIGINALLY OBLIGATED. LOAN
IS FULLY DISBURSED.

PURPOSE OF PROJECT: TO CONSTRUCT A FERTILIZER PLANT IN
ABIDJAN WHICH WOULD PRODUCE SULFURIC ACID, GROUND
PHOSPHATE AND AMMONIUM SULFATE CONVERTING THIS TO
61,000 MT PER YEAR WHEN PLANT ATTAINS FULL PRODUCTION
LEVELS.

TOTAL COST OF PROJECT WAS ESTIMATED AT US \$6 MILLION.
FINANCING WAS CONTRIBUTED BY THE FONDS D'AIDE ET
DE COOPERATION DE LA FRANCE (FAC), THE GOIC, THE
IVORIAN DEVELOPMENT BANK (BIDI), AFDB, AND THE
FEDERAL REPUBLIC OF GERMANY. THE FIRM ITSELF INVESTED
ABOUT 33 PCT OF THE TOTAL CAPITAL REQUIRED. THE AFDB

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P R 121813Z NOV 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC PRIORITY 5796

INFO AMEMBASSY DAKAR

AMEMBASSY BAMAKO

AMEMBASSY MONROVIA

C O N F I D E N T I A L SECTION 2 OF 3 ABIDJAN 9551

DEPARTMENT PASS TREASURY FOR ZINMAN/DRESS

PARTICIPATION REPRESENTS ABOUT 7 PCT OF THE TOTAL INVESTMENT.

BENEFIT: THE IVORY COAST IS A PRINCIPAL PRODUCER OF COFFEE AND COCOA AND IS WIDELY DIVERSIFYING ITS AGRICULTURAL BASE INTO OTHER EXPORT CROPS INCLUDING PALM OIL, BANANAS, PINEAPPLES AND COTTON. TO MAINTAIN THE GROWTH IN THE AGRICULTURE SECTOR THERE IS A GREAT DEMAND FOR FERTILIZER MUCH OF WHICH HAS BEEN IMPORTED. WITH ESTABLISHMENT OF THIS PLANT THE AMOUNT OF IMPORTS REQUIRED DECLINED. THIS BECAME EXTREMELY SIGNIFICANT WITH THE WORLD-WIDE PRICE INCREASES IN FERTILIZER IN THE WAKE OF THE ENERGY CRISIS. WHILE THE PLANT EMPLOYS ABOUT 60 WORKERS LOCALLY, ITS PRIME CONTRIBUTION IS CLEARLY THE IMPORT SUBSTITUTION IT MAKES POSSIBLE FOR IVORIAN FARMERS. GIVEN 1973 IMPORTS OF FERTILIZER, THIS PLANT COULD SUPPLY ABOUT 30-40 PCT OF THE IVORIAN DEMAND.

RELATIONSHIP TO IVORY COAST DEVELOPMENT PLAN: THE GOIC HAS A SOPHISTICATED DEVELOPMENT PLAN FOCUSING ON THE AGRICULTURE SECTOR OF WHICH FERTILIZER MAY BE A RELATIVELY SMALL BUT VITAL COMPONENT. THE GOIC PARTICIPATION IN FINANCING, BOTH AS A PART-OWNER OF THE PLANT AND THROUGH ITS DEVELOPMENT BANK (BIDI), CLEARLY INDICATES ITS BELIEF IN THE POSITIVE WORTH
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OF THE PROJECT.

GOIC PROGRAMS IN THE SECTOR -- GIVEN REASONS STATED ABOVE, THE GOIC AGRICULTURE SECTOR PROGRAMS ARE EXTENSIVE AND WELL PLANNED. AS THE GOIC IS PARTICIPANT IN THIS PROJECT, THIS MUST BE INCLUDED AMONG THEM. ILLUSTRATIVE OF THE IVORIAN INTEREST IN THIS SECTOR IS THAT GOIC HAS ALLOCATED 24 PCT OF THE DEVELOPMENT BUDGET IN 1975 TO AGRICULTURE.

B) VRIDI CANAL EXPANSION - LOAN AGREEMENT SIGNED DECEMBER 1973. AMOUNT COMMITTED: 3.3 MILLION U/A, FULLY DISBURSED.

PURPOSE OF LOAN: TO FINANCE THE MAJOR PORTION OF FOREIGN EXCHANGE COSTS OF THIS PROJECT WHICH INCLUDES IMPROVING AND ENLARGING THE ENTRANCE TO THE CANAL, WHICH WAS ORIGINALLY CONSTRUCTED DURING 1948-1950, DEEPENING THE CHANNEL OF THE

CANAL AND ELIMINATING THE BREAK WATERS AT THE ENTRANCE TO FACILITATE ACCESS TO THE CHANNEL.

BENEFIT: THE PORT OF ABIDJAN SINCE 1960 HAS BECOME ONE OF THE MAJOR PORTS OF WEST AFRICA, HANDLING TRAFFIC FOR MALI AND UPPER VOLTA AS WELL AS IVORY COAST. BECAUSE OF ITS MODERN LOADING, DOCKING, AND WAREHOUSING FACILITIES,

IT HAS ALSO BECOME A PRINCIPAL PORT FOR SHIPPERS TRANSFERRING GOODS IN BOND TO OTHER VESSELS. DURING THE SAHEL DROUGHT, ABIDJAN WAS OFTEN USED IN LIEU OF OTHER COMMON PORTAGES IN SENEGAL, NIGERIA, AND GHANA. HANDLING OF KEY SHIPMENTS DURING THIS CRIFCF ACCENTUATED THE IMPORTANCE OF THIS FACILITY. GIVEN NEW SHIPPING TECHNOLOGY (THE PORT IS NOW HIGHLY CONTAINERIZED) AND THE SIZE OF VESSELS, IT WAS CRITICAL THAT ACCESS TO THE PORT OF ABIDJAN BE IMPROVED TO INSURE THE CONTINUED SMOOTH TRANSIT OF GOODS THROUGH WEST AFRICA. THE AFDB LOAN CONTRIBUTED 59 PCT OF THE TOTAL PROJECT FINANCING OTHER FUNDS WERE PROVIDED BY THE GOIC.

RELATIONSHIP TO IVORIAN DEVELOPMENT PLAN: GIPDN GOIC PARTICIPATION MUST BE ASSUMED THAT THIS HAD CRITICAL IMPORTANCE TO IVORIAN DEVELOPMENT STRATEGY. MAINTENANCE
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AND IMPROVEMENT OF THE PORT WAS A PRIME GOAL IN 1970-75 FIVE-YEAR PLAN AND WITH SUCCESSFUL PLANNING AND INPUTS SUCH AS THIS THE PORT IS BOTH ACCESSIBLE AND MODERNIZED. IVORIAN ECONOMY DEPENDS HEAVILY ON EXPORTS OF AGRICULTURAL GOODS; IMPORTS OF CAPITAL EQUIPMENT AND CONSUMABLES. THE PORT OF ABIDJAN REPRESENTS VITAL ARTERY IN KEEPING ALL THESE GOODS MOVING AND THUS, MAINTAINING THE STRENGTH OF THE ECONOMY. GOIC ACTIVITIES IN TRANSPORT SECTOR INCLUDE: IMPROVEMENTS OF INTERNAL HIGHWAY TRANSPORT SYSTEM WITH ASSISTANCE FROM IBRD, FED, AND FAC. IN ADDITION, GOIC HAS CONSTRUCTED A SECOND MODERN PORT FACILITY AT SAN PEDRO TO DECREASE TRAFFIC TO ABIDJAN PORT OF LOG SHIPMENTS. IN FUTURE SAN PEDRO PORT IS ENVISIONED TO HANDLE EXPORTS OF IRON FROM MT KHALAYO PROJECT, RUBBER FROM GRAND BEREBY, AND COCOA FROM THE MAN REGION. THUS, PORT DEVELOPMENT IS AN INTEGRATEE PART OF THE GOIC TRANSPORT STRATEGY.

FYI: EMBASSY INCLUDED COMMENTS ON VRIDI CANAL AS IT IS MUCH MORE IMPORTANT THAN SIVENG AND REPRESENTS MUCH LARGER AFDB CONTRIBUTION. CODEL WILL SEE PROJECT DURING LUNCH HOUR AS RESTAURANT OVERLOOKS CANAL ENTRANCE. END
FYI.

LIBERIA

LIBERIAN DEVELOPMENT BANK AGREEMENT SIGNED JULY 1972.
TOTAL COMMITMENT: 2.5 MILLION U/A, 1.5 MILLION U/A

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P R 121813Z NOV 75

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC PRIORITY 5797

INFO AMEMBASSY DAKAR

AMEMBASSY BAMAKO

AMEMBASSY MONROVIA

C O N F I D E N T I A L SECTION 3 OF 3 ABIDJAN 9551

DEPARTMENT PASS TREASURY FOR ZINMAN/DRESS

DISBURSED ACCORDING TO AFDB PROJECT OFFICER. N.B. DRAW DOWN ON LINES OF CREDIT OF THIS TYP IS USUALLY QUITE RAPID; EXPECT DISBURSEMENT TO BE COMPLETED BY YEAR END. LOAN WAS MADE IN TWO TRANCHES AND MAJOR PORTION (2 MILLION U/A) COMMITTED IN 1974; THIS PRIMARILY RESULT OF MANAGEMENT PROBLEMS WITH LBIDI WHICH AFDB NOW HOPES ARE FULLY RESOLVED.

PURPOSE OF PROJECT: TO PROVIDED LBIDI WITH FUNDS TO GENERATE INCREASED PRIVATE BUSINESS ACTIVITY IN AGRICULTURAL SECTOR, AS WELL AS TO DEVELOP AN ALTERNATIVE SOURCE OF DEVELOPMENT CREDIT THAT CAN BE USED BY SMALL, INDIVIDUAL AFRICAN ENTREPRENEURS ON BETTER TERMS THAN COMMERCIAL BANKS.

IN ADDITION THE FUNDS SERVE TO STRENGTHEN THE CREDIT INFRASTRUCTURE OF THE GOL BANKING SYSTEM, THROUGH THE ESTABLISHMENT OF THE BANK. IDA AND USAID HAVE ALSO BEEN INVOLVED IN AIDING THE ESTABLISHMENT OF THIS FINANCIAL INSTITUTION. LBIDI IN TURN WILL RELOAN MONEY IN THE RURAL AREAS OF LIBERIA IN THE HOPES OF STIMULATING ECONOMIC GROWTH AND DEVELOPMENT.

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BENEFIT: PROVISION OF CREDIT TO LOCAL ENTREPRENEURS WHO COULD PROBABLY NOT OBTAIN OR PAY OFF COMMERCIAL BANK FINANCING WHICH WOULD BE AT HIGHER RATES OF INTEREST. EMBASSY BELIEVES MONROVIA CAN BETTER AMPLIFY QUESTION OF SUBLOANS' APPROPRIATENESS TO RURAL DEVELOPMENT, PURPOSE, AND BENEFITS. ROLE IN GOL ECONOMIC DEVELOPMENT: LIBERIA, DUE TO NATURE OF ITS DEVELOPMENT HAS CRITICAL NEED FOR ALL TYPES OF INFRASTRUCTURE DEVELOPMENT AND EXTENSION OF AGRICULTURAL CREDIT IS NO EXCEPTION. WITH PROPER MANAGEMENT AND WISE SELECTION OF PROJECTS, SUBLENDING PROGRAM COULD PROVIDE IMPORTANT STIMULUS FOR PRIVATE AGRICULTURAL SECTOR WHICH WOULD EVENTUALLY LEAD TO MORE PARTICIPATION BY INDIGENOUS GROUPS IN THE COUNTRY'S DEVELOPMENT PROGRESS AND ALSO IMPROVE THE STANDARD OF LIVING IN THE RURAL SECTORS OF LIBERIA.

GOL INVOLVEMENT IN SECTOR: AS AN INSTRUMENT OF THE GOL, LBIDI WAS DEVELOPED TO CARRY OUT THE PURPOSES DISCUSSED ABOVE AND IT CONTINUES TO RECEIVE GOVERNMENT AS WELL AS OTHER ASSISTANCE TO MAINTAIN ITS OPERATIONS. WITH THE MANAGEMENT CHANGE FINALLY EFFECTED, IT IS TO BE HOPED IT WILL PLAY A MUCH MORE ACTIVE ROLE IN THE FUTURE.

FYI. AFDB HAS EXPRESSED CONCERN THAT BRIEFING INFORMATION ADEQUATELY REFLECT SOPHISTICATION AND SCOPE OF ACTIVITIES IN COUNTRIES VISITED. TIME CONSTRAINTS OF MISSION CLEARLY RECOGNIZED IN TERMS OF PROJECT VISITS; HOWEVER, AFDB OFFICIALS PREPARED TO LIST ALL PROJECTS BY COUNTRY TO ADEQUATELY AMPLIFY PICTURE OF BANK AND FUND ACTIVITY. DJR FYI.
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